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MEMORANDUM

TO: Commission Members, DDSN Staff, Providers and Advocates

FROM: Beverly A. H. Buscemi, Ph.D.
State Director

Beverly A. H. Buscemi PMD

RE: Federal Office Inspection General (OIG) Investigation

DATE: July 30, 2010

Last year United States Senator Chuck Grassley's office received a formal complaint alleging misuse/management of Medicaid funds by DDSN. Senator Grassley is the Ranking Member of the United States Senate Committee on Finance.

The complaint was referred to the Office of Inspector General (OIG) of the United States Department of Health and Human Services. Investigators and auditors held an OIG entrance conference with DDSN staff on November 17, 2009. The investigators and auditors stated the four primary areas of the audit: 1) treatment of vacant days, 2) treatment of census days, 3) accounting of room and board cost, and 4) Medicaid allowance of property purchases. The investigation concentrated on DDSN's 2008 Medicaid Cost Report for the Mental Retardation/Related Disabilities Home and Community Based Waiver.

Through November and the first of week of December 2009, the OIG investigators reviewed financial documentation and cost allocation methodologies at SCDDSN Central Office. In December through March of 2010, they conducted field audits at the Newberry Disabilities and Special Needs Board and the Babcock Center. The field audits consisted of reviewing methodologies used in cost allocation plans and individual transactions for Medicaid compliance.

During most of April and May, OIG investigators conducted their audit efforts at Central Office testing individual transactions and verifying the allocation methodologies used in Medicaid cost reports.

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The OIG auditors held an exit conference with me and other DDSN staff on June 3, 2010. The investigators and auditors reported no findings or any improprieties. The OIG process is to issue a written report only when there are findings. Since their investigation yielded no findings against DDSN at any level – administrative, civil or criminal – there will not be a written report.

I have provided information and verbal updates about this investigation at numerous Commission meetings. This memo is to communicate to everyone what happened and the results. This investigation/audit was in-depth, detailed and rigorous. Thanks and appreciation is extended to our staff at DDSN and the staff at Babcock Center and the Newberry Disabilities and Special Needs Board for their fine work and the many hours they spent with the federal investigators and auditors.

We feel very positive that this investigation/audit validates DDSN processes, methodologies, and actions taken to carry out our mission of providing quality services to South Carolinians with disabilities.